

MAR 11 1956

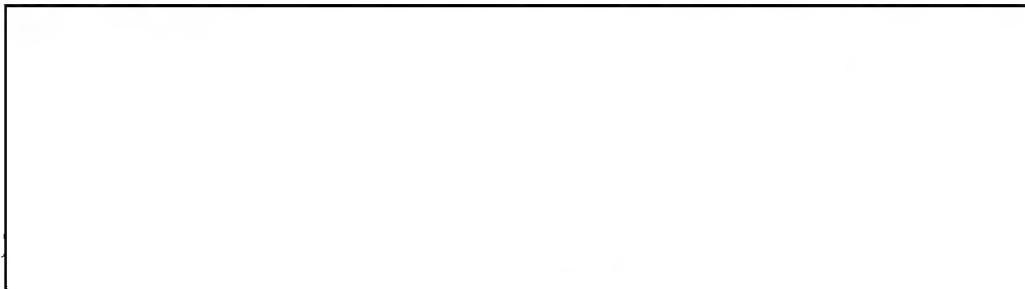
The Honorable Herbert Hoover, Jr.  
 Acting Secretary of State  
 Department of State  
 Washington, D. C.

Dear Herb:

This is in reply to your recent inquiry with respect to the possible stockpiling of wheat by Egypt.

Egypt's wheat requirements call for the import of 700,000 metric tons between 1 February and 1 July 1956.

At the present time Egypt has contracted for a total of 230,000 tons under PL 480, 75,000 tons to be financed by ICA and an estimated 163,000 tons from the US which it may take for dollars. Thus, a balance of 122,000 tons remains to be fulfilled if Egypt is to meet its domestic requirements as of 1 July.



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Faithfully yours,

Allen W. Dulles  
 Director

O/DCI: [ ] (9 Mar 56)  
 Rewritten O/DD/I: [ ] (16 Mar 56)  
 Rewritten: AWD/ji (19 Mar 56)

Distribution:

O & 1 - Addressee	1 - ER
1 - DCI	1 - DD/I
1 - Reading	1 - JSE

1796

*SECRET*

7-9376

*Cancelled 2/27*

18 February 1956

MEMORANDUM FOR MR. AMORY

Mr. Herbert Hoover called my attention to the large amount of grain shipments under PL 480 which the Egyptians were demanding of us. He suggested that we have a look at the situation and try to come up with a conclusion as to whether this wheat was required for current needs or whether there was any possibility that it was not purchased for stockpiling.

Possibly both ONE and ORR could throw some light on this. I am also sending a copy of this memorandum to Kermit Roosevelt.

*Allen W. Dulles*  
ALLEN W. DULLES  
Director

NOTE: Found that DCI's office [redacted] had already sent copies of this memorandum to AD/NE and AD/RR. Copy sent to AD/CI 21 February 1956 for comment.

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*SECRET*

Executive Registry  
8-0298

7 March 1956

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT : Under Secretary Hoover's Query on  
Egyptian Wheat Situation

1. Available information indicates that current Egyptian efforts to procure wheat are aimed at satisfying internal needs and not at stockpiling.

2. Egypt's wheat requirements are 100,000 metric tons per month plus a 200,000 ton stockpile which must be on hand by 1 July to tide the country over at the beginning of its 1956 crop year.

3. All available stocks from Egypt's 1955 domestic production are gone, and therefore there is an import requirement of 700,000 metric tons in the period from 1 February to 1 July.

4. At the present time Egypt has contracted for a total of 280,000 tons under PL 480, 75,000 tons to be financed by ICA and an estimated 163,000 tons which it may take for dollars. Thus, a balance of 182,000 tons remains to be fulfilled if Egypt is to meet its stockpile requirement by 1 July 1956.

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ROBERT AMORY, JR.  
Deputy Director/Intelligence

ODD/I [redacted]

7 March 56

Distribution:

- 1 - ER  
2 - DD/I

orig to act Sec Harrow w/ER 8-0298

*add to ER 8-0298*

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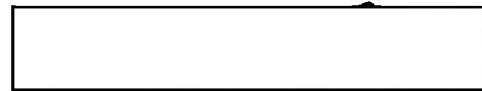
29 FEB 1956

MEMORANDUM FOR: Deputy Director/Intelligence  
SUBJECT: PL 480, Title I: Wheat for Egypt  
REFERENCE: Memorandum for Mr. Amory from the Director,  
dated 18 February 1956

The following statements of the Assistant Director of the Regional Branch of the Foreign Agricultural Service, Department of Agriculture, are furnished in response to the inquiry contained in the referenced memorandum concerning the proposed shipments of wheat to Egypt under PL 480:

a. The supply of wheat to Egypt under PL 480 has been for immediate consumption and not for stockpiling.

b. The wheat needs for Egypt from 1 February to 1 July 1956 are 100,000 metric tons monthly, with a minimum carryover stock position on 1 July 1956 of 200,000 metric tons. This makes an import requirement between 1 February and 1 July of 700,000 metric tons, with a total of 280,000 tons under PL 480, 75,000 tons financed by ICA, and an estimated 163,000 tons which the Egyptians may take for dollars. There remains a balance of 182,000 tons still to be met to maintain a minimum carryover stock position of 200,000 metric tons on 1 July 1956.



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Acting Assistant Director  
Research and Reports

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MEMORANDUM FOR MR. KENT

21 February 1956

SUBJECT: Egypt's Need for Grain

REFERENCE: DCI Memo to DD/I conveying Mr. Hoover's query, 18 February 1956

1. We have no basis for contradicting the reiterated Embassy view that Egypt does in fact have urgent need for considerable amounts of grain to meet current consumption requirements.

2. Some highlights of the grain negotiations:

--On 6 October 1955 the Embassy passed on without adverse comment Egyptian estimate that 300-360,000 tons of imported wheat (worth about \$20 million) would be needed by end of June 1956

--On 29 November the Embassy pointed out that the 80,000 tons being considered for PL480 treatment represented less than one month's supply.

--On 28 January the Embassy reported that Egypt had not purchased elsewhere in the belief that the US Government had approved an additional 200,000 tons of PL480 wheat (in addition to ~~first~~ 80,000 PL665 wheat being provided). The Embassy calculated 16 January stocks at 213,294 tons which--even adding in the 80,000 tons on the way--would last only through March.

--On 4 February the Embassy estimated that on basis of planned deliveries stocks as of 1 April would be only 100,400 tons and that with expected April consumption of 100,000 tons, end-of-month balance would be only 400 tons. It noted that current stocks were about 160,000 tons and that the government was already having to draw on wheat stored in small towns to supply Cairo and Alexandria and pointed out that considerable fear among populace might develop at seeing these stocks drawn down.

--On 8 February Egypt contracted to buy 163,000 non-PL480 wheat but asked US to put at least 80,000 of them under PL480.

--On 13 February US approved additional 120,000 tons PL480 wheat. Agreement on second 80,000 signed 8 February. ~~and contains index numbers~~  
(This adds up to 280,000 tons as we figure it plus possible 80,000 under PL665)

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Approved For Release 2003/01/30 : CIA-RDP80B01676R004200030015-9 869 - 669 - 56

24 FEB 1956

*Egypt*

TO: Deputy Director (Intelligence)  
SUBJECT: Mr. Hoover's Concern Regarding Egyptian  
Wheat Situation

1. The information available to OCI does not suggest that current Egyptian efforts to procure wheat are aimed at excessive stockpiling.
2. Egypt is traditionally a deficit food area, selling its cotton for grain. While corn is the staple grain in the villages, wheat feeds the urban population.
3. The Egyptian ministry of supply, which buys and sells all domestically grown wheat, reported at the end of November 1955 that it had on hand stocks of about 400,000 metric tons. At that time its purchases from domestic growers were practically complete for the 1955 season. The ministry estimated that its domestic sales of wheat would run just under 100,000 tons per month, and that its supplies were adequate for only two months sales--December 1955 and January 1956--since 200,000 tons are needed to "keep the pipeline full."
4. This situation left Egypt facing a wheat deficit of some 500,000 tons until the beginning of the new crop year around 1 July. The difficulty of assuring a supply of wheat of this magnitude for essential needs would seem to preclude the build-up of a large stockpile for war purposes.



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HUNTINGTON D. SHELDON  
Assistant Director,  
Current Intelligence